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## **Middle-income developing countries and the trade-labour linkage: adaptation or inertia?**

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## Introduction

Throughout the 1990s, several Middle-Income Developing Countries (MIDCs) were opposed to the inclusion of labour standards into trade agreements. The recent surge in exports from China, a country with a poor compliance record with workers' rights, may have however had an impact on their position. This article explores to which extent this has been the case and highlights the determinants of the MIDCs's position.

The trade-labour discussion debate, that took place at the WTO, and to a lesser extent at the ILO throughout the 1990s, has been one of the most controversial issues concerning the multilateral trade regime.<sup>i</sup> The developing countries resisted its inclusion in the trade negotiations, out of fears of protectionism from industrialised countries. Perhaps due to this seemingly unanimous position, the 'developing country front' has never been closely examined in the context of the trade-labour linkage. However, in the light of the increased Chinese exports to both developed and developing countries and the phasing out of the Multi-Fiber Agreement (MFA), the MIDCs themselves might start to consider supporting the linkage as a way to protect both their own industries and their export markets from the Chinese threat, given the fact that China has a remarkably poorer labour rights record than most of the countries in question.

Those analysts suggesting such an increased linkage demand after China's surge often regard the position shift in the MIDCs as an automatic change occasioned by exogenous economic dynamics, and overlook important domestic institutional mechanisms behind the foreign trade policy decision making that might constrain or facilitate the demand for linkage from within the countries in question.

The article assesses both the international context of the linkage demand and its domestic institutional determinants in two countries – Mexico and South Africa – that, from an economic point of view,<sup>ii</sup> are expected to have changed their position after China's accession to the WTO in 2001.<sup>iii</sup> The analysis is spread over two main parts. The first section assesses the economic conditions fostering a change in the case countries' position (1.1), their labour standards record compared to China's (1.2) and the evolution of their position towards the relationship between labour standards and trade from 1996 to 2008 (1.3). The second section explores the domestic institutional determinants of the issue. It proposes a theoretical model (2.1) that serves as a basis to explore the institutional setting of linkage in both Mexico and South Africa (2.2). A conclusion follows.

## **1. The economic justification of linkage**

### **1.1 South-south competition and Chinese import penetration**

Analysts<sup>iv</sup> often regard the developing country opposition against the trade-labour linkage as a logical outcome of their relative economic position. If labour standards were to be coupled to trade, their comparative advantage *vis-à-vis* the industrialised countries in terms of cheap labour would be dissolved in favour of disguised protectionism from the industrialised nations. However, when taking a quick glance at some basic data, that opposition is far from evident in the case of the MIDCs. For instance, whereas Mexico's and South Africa's monthly wages lag far behind the United States's and the European Union's, they clearly outperform India and China. Similar comparisons can be made on a whole range of variables such as GNI, labour productivity or the sectoral composition of the economy.<sup>v</sup> The question is then to which extent Mexican and African interests are aligned with those of the wealthier countries rather than with those of other developing countries.

Chan and Ross<sup>vi</sup> argue that the exodus of labour-intensive industries from the developed towards the developing countries gradually shifts the balance from North-South competition towards South-South competition. In the case of apparel this is particularly clear: with both China and Mexico competing over the US market, events or developments at the international level can easily tip the balance in favour of one country at the cost of the other. While NAFTA improved the position of Mexican exporters, the accession of China to the WTO shifted the balance completely. In a recent study by Gallagher et al.<sup>vii</sup> the authors found that out of the 15 most important export products of Mexico, 14 were directly threatened by Chinese exports. Similar conclusions can be drawn from the Mexican and American official trade figures, from which it is clear that Mexico has been displaced as the largest exporter of apparel in the US market.<sup>viii</sup>

Besides competition in export markets, rising imports from developing countries in other developing countries may threaten economic development by displacing domestic production. This is mainly the case for South Africa, where Chinese imports are perceived as a threat to the national textile industry<sup>ix</sup> and where, according to WTO statistics, import of apparel grew by 500 per cent from 2002 to 2006.<sup>x</sup>

Both export concerns and import pressures are likely to trigger demand for protection from the affected production sectors. Labour standards can provide that protection.

## 1.2 Trade and labour as a tool of protection

The use of trade sanctions to enforce labour standards has long been regarded as a way to protect a country's level of social development without imperilling its international trade position.<sup>xi</sup> By assuming a negative impact of labour standards on trade competitiveness, linkage advocates argue that sanctions counter the risk that countries competitively lower their standards in order to preserve their relative trade position (the so-called 'race to the bottom').

Even though the empirical evidence of the true relationship between labour standards and trade is scarce and inconclusive,<sup>xii</sup> the 1919 Constitution of the International Labour Organization (ILO) enshrined the argument in its preamble: '(...) the failure of any nation to adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries (...)'.<sup>xiii</sup>

Consequently, labour standards have been used several times, by both developing and industrialised countries, as an instrument of trade policy.<sup>xiv</sup> As such, they enjoy one advantage over tariffs and NTBs: their ability to influence the competitive position of countries on third markets. While tariffs and NTBs are able to deter imports, they are not suitable to protect the competitive position of a country in its export markets. Labour standards, on the other hand, are able to do that by directly affecting the cost of labour in competitor countries.

If labour standards are regarded as protectionist instruments, middle-income developing countries might plead for to incorporate them to multilateral trade to protect their own industries. Such a plea would only be credible, however, under the assumption that they have a better compliance record than the nations whose labour standards they attempt to influence. For Mexico and South Africa this seems to be the case. The following table shows the ratification status of the ILO Core Labour Standards Conventions (CLS) by Mexico, South Africa and China. In the table, one can see that South Africa has the best record in terms of the ratification of Conventions, whereas China's ratifications only cover two of the four CLS. Mexico, with two unratified Conventions belonging to different CLS, can be situated in the middle.

**Table 1. Ratification status of the ILO conventions containing Core Labour Standards**

LS	FACB		Forced labour		Discrimination		Child labour	
Convention number	87	98	29	105	100	111	138	182
China					1990	2006	1999	2002
Mexico	1950		1934	1959	1952	1961	2000	
South Africa	1996	1996	1997	1997	2000	1997	2000	2000

Source: Own elaboration on data from ILO, *Follow-up to the Declaration. Status by country*, <http://www.ilo.org/declaration/follow-up/annualreview/ratificationstatus/lang-en/index.htm>

Ratification is, however, not to be equated with actual compliance.<sup>xv</sup> Several violations have been identified by institutions reviewing labour standards systematically.<sup>xvi</sup> In the case of China, these concern especially the implementation of the free association and collective bargaining (FACB) rights and the prohibition of forced labour. The political control of the Chinese Communist Party over the formation and organisation of unions, the non-existence of strikes in legal documents, the imprisonment of protesting workers and the government's Re-Education Through Labour (RETL) program, in which minor offenders are forced to execute certain tasks without remuneration, have been repeatedly criticised.

By contrast, besides sporadic references to rural child labour and racial discrimination, South Africa's implementation of labour rights is praised by the ILO 2000 Global Report as an example of 'positive synergies between national political will and ILO's technical expertise', and no systematic CLS-related violations are registered.

Mexico is again situated somewhere in the middle. Even though its score in the FACB index elaborated by the OECD is the same as South Africa,<sup>xvii</sup> the lack of actual protection of FACB rights is often cited, as well as the administrative difficulties to register independent unions, anti-union discrimination, blacklisting of workers, the lack of secret ballot in union elections and the use of collective bargaining contracts negotiated by management and trade unions unrelated to the workers.

In sum, in terms of labour standards, Mexico and South Africa perform better than China. By demanding a trade-labour linkage in international trade agreements they could avoid or minimise the eventually resulting comparative disadvantages. As a result, they could not only protect their domestic market but also their export

interests, something that cannot be accomplished by traditional protectionist instruments. However, given the fact that South Africa experiences Chinese competition mainly in the context of its domestic market, where protection can be achieved by other means (tariffs, NTBs), whereas Mexico experiences the Chinese competition especially in the US market, it is reasonable, from an economic point of view, to expect a stronger demand for linkage from Mexico than from South Africa.

### **1.3 The trade-labour linkage discussion and the developing countries' position towards linkage<sup>xviii</sup>**

The use of labour standards in the multilateral trade context was discussed during the 1990s in two multilateral fora, the World Trade Organization (WTO) and the International Labour Organization (ILO). At the WTO, the trade-labour issue was launched by the US during the Tokyo Round, in 1978, but the debate took place mainly during the Ministerial Conferences of Singapore (1996), Geneva (1998) and Seattle (1999), after several proposals had been introduced by the US, often with the support of the Scandinavian countries and some member states of the European Union. As stated in the introduction, the main feature of the discussion was the polarisation between developing countries, under the lead of India, and the industrialised nations, under the lead of the United States.<sup>xix</sup>

Whereas the developed countries' positions diverged, with the EU member states and the Scandinavian countries emphasising the human rights value of labour standards, and the US approaching labour standards in terms of the preservation of American trade competitiveness, the developing countries' reactions were homogeneous. They mostly underscored the protectionist nature of labour standards (see table 2), both individually and collectively. Groups such as the G-77, the G-15 and the Non-Aligned Countries stated their opposition, and the issue has been called by Narlikar the largest and only victory of the informal group of developing countries.<sup>xx</sup>

**Table 2. Labour at the WTO Ministerial Conferences**

A	B	C	D
Ministerial Conference	Countries addressing linkage	Countries against linkage (% of B)	Countries referring to protectionism (% of B)
Marrakech	45	53%	64%
Singapore	79	64%	47%
Seattle	67	61%	48%
Doha	26	61%	50%

Source: Own elaboration based on data from WTO, *Documents online*, <http://documents.wto.org>

This polarisation could also be seen during the discussions in the tripartite framework of the ILO's International Labour Conference both in 1994, when the idea of the introduction of a social clause was launched as a means to enhance the organisation's role in the post-Cold War framework,<sup>xxi</sup> and in 1998, when the Declaration of Fundamental Principles and Rights at Work was negotiated.<sup>xxii</sup> This time the employers' groups from the industrialised and developing countries supported the developing country representatives in their demands for the rejection of a linkage within the ILO. The workers' group homogeneously backed the industrialised countries in their plea for a strong Declaration.

Mexico's representatives made their position clear from the very beginning at both organisations. At the Singapore Ministerial, the Mexican Trade Secretary Herminio Blanco stated that raising the labour standards issue at the WTO would allow for the introduction of protectionist measures. Therefore, the appropriate forum to deal with labour standards issues was the ILO. Likewise, during the Seattle Ministerial Conference, he asserted that the trade-labour linkage at the WTO would open the door to protectionism. This position was further emphasised at the ILO, where the country's representatives continuously stressed the non-linkage of trade and labour.<sup>xxiii</sup> During the 1998 drafting of the Declaration of Fundamental Principles and Rights at Work, Mexico took a leading role in the discussion, and introduced several proposals and amendments.<sup>xxiv</sup> Most of these proposals were aimed at making the Declaration a purely promotional document, which would create no new obligations for the ILO member countries. Significantly, together with other developing countries (such as India and Pakistan) it promoted the incorporation of a reference to the non-linkage between the Declaration and trade measures.<sup>xxv</sup>

The statement in Seattle was the last official positioning of the country on the issue in the WTO. After that, the trade-labour linkage did not emerge in any public statements anymore, and, significantly, the topic was not addressed by the North American Competitiveness Council, a working group established in 2006 as a part of the Security and Prosperity Partnership (SPP) among the parties to NAFTA to assess the competitiveness of the region in the face of the Indian and Chinese competition. More recently, President Calderón expressed concern about protectionism within NAFTA after Barack Obama's statements concerning the re-opening of NAFTA and its labour and environmental side agreements.<sup>xxvi</sup>

The language employed by South Africa at the WTO condemned protectionism, but did so in a less direct way than Mexico. The statement of Alexander Erwin, Minister of Trade and Industry, at the Singapore Ministerial Conference, underlined the inadequacy of the WTO as a forum for the discussion of labour standards, but recognised the relation between labour and trade dynamics, and defended a strengthened coordination among the different multilateral organisations (WTO, ILO, IMF, and so on). President Mandela's statement in Geneva was more explicit: 'We believe that cooperation with the WTO, UNCTAD, ILO, UNDP, the World Bank and the IMF is essential. (...) There can be no refusal to discuss matters such as labour standards, social issues and the environment, but equally all must be prepared to listen carefully before judgements are made'. At the Doha Ministerial, Erwin emphasised again the need of cooperation, and defended the compatibility of trade with labour standards and sustainable development without positioning South Africa for or against the social clause. This 'softer' position shows a strong contrast with the official position issued by the South African government in June 2001: 'We endorse the principle of core labour standards as enshrined in the ILO conventions. Like others, we reject the use of labour standards for protectionist purposes.'<sup>xxvii</sup> These views were recognised at the Singapore Conference where it was agreed that the ILO was the competent body to set, deal and promote core multilaterally negotiated labour standards. It was also agreed that the ILO and WTO Secretariats should continue their collaboration.

At the ILO, and in contrast with Mexico, South Africa acknowledged the existence of a connection between trade and labour standards, but simultaneously argued that such a connection should not be used for trade or protectionist purposes. It also supported the incorporation of an operative follow-up procedure to the Declaration of 1998 and the need for a strong document. During the drafting of the Declaration, the South African government delegation supported the Workers' group which had introduced a reference to the ILO as the 'competent body to set and deal with fundamental labour standards', against several other developing



countries, such as India and Pakistan, that preferred to stress the ILO's character as the 'constitutionally mandated body'.<sup>xxviii</sup>

When assessing both countries the question can be posed why, in the face of competitive pressures, particularly from China, both in their domestic and export markets, Mexico and South-Africa (vehemently) opposed the trade-labour linkage. Economically, this would have been justified, especially since 2000.

## **2. Linkage and the role of domestic institutions**

### **2.1 Theoretical justification**

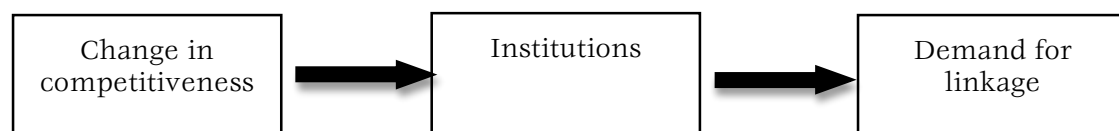
The fact that the positions of Mexico and South Africa concerning linkage do not seem to have changed after China's surge contradicts the economic argument that it should have evolved with the erosion of both countries' competitive advantage in the international trading system. This is particularly true for the South African case, in which the position evolved from softer to more reluctant.

The economic justification of the shift in the MIDCs position makes abstraction of the domestic mechanisms by which hypothetical interests are formed and translated into political demands. These mechanisms, identified by several authors<sup>xxix</sup>, can be grouped under the name 'institutions', defined in this context as those arrangements that 'aggregate the interests [of different societal groups] and determine the responsiveness of governments to them'<sup>xxx</sup> by expanding or constraining their relative societal power.<sup>xxxi</sup> Crucial to this alteration of power is the presence or absence of fragmentation of the decision making authority, since it determines the degree to which a decision maker is obliged to cater to the preferences of a specific constituency in exchange for their electoral support. According to a number of authors,<sup>xxxii</sup> lower levels of fragmentation, and thus higher levels of concentration, insulate the decision makers from the influence of particularistic interests in society, and allow them to generate policies that promote general national, rather than particularistic interests. In other words, state authorities will more readily be able to overcome logrolling dynamics, in which bargains between particularistic interests lead to collectively detrimental outcomes. In contrast, when a system is highly fragmented, it will be easier for particularistic interests to capture one of the fragments and tilt the policy making process towards the preferences of small, homogenous constituencies. As a consequence, well organised groups will often have power over the policies to follow. The two types of governments are respectively tagged as strong and weak by Gourevitch.<sup>xxxiii</sup> Translated into trade policy, this implies that strong governments are assumed to be more liberalisation prone than weak ones, since they are better shielded against societal demands of protection and since liberalisation is considered to benefit the

aggregate welfare of a country more than protection does. A change in the relative competitiveness of the country in question will therefore only see itself mirrored in the national trade policy to the extent that the state's institutional setting effectively exposes officials to the influence of societal groups affected by that change in competitiveness. In this respect, Frieden and Rogowski hypothesise that 'the more influential are agencies relatively independent from direct political pressures in the making of international economic policy, the likelier is liberalisation'<sup>xxxiv</sup>.

By incorporating institutions as explanatory variables, a theoretical model (Figure 1) can be proposed in order to explain Mexico's and South Africa's choices concerning linkage, in which *a loss in competitiveness with respect to China will have an impact on the country's demand for linkage only if its institutions are sufficiently fragmented to allow access to the affected groups*. Empirical evidence for this model is offered in section 2.2.

**Figure 1. The institutionalist argument**



## 2.2 The institutional setting of linkage in Mexico and South Africa

In this section, the Mexican and South African institutional settings and the internal demand for linkage produced in that setting are scrutinised. The analysis focuses on two institutional features through which the societal groups affected by a loss of competitiveness (workers) express their political demands. First, it explores the general features of the labour unions which, drawing on the preference distribution at the ILO (see above) and the patterns of linkage demand in developed countries<sup>xxxv</sup>, are assumed to be the main group lobbying for protection in the form of linkage. Second, it assesses the structure of trade policy decision making and the degree to which that structure has been open to linkage demands.

### a) Mexico's state corporatism and isolated executive

The demand for a linkage between trade and labour standards in the Mexican context has been scarce, due to both the features of the Mexican labour associations, and the institutional isolation in which the formulation of the Mexican trade policy takes place.

Mexican trade unionism is strongly related to the post-revolutionary governmental structure, maintained in place between 1946 and 2000 by the Partido Revolucionario Institucional (PRI).

The Mexican political system during the PRI regime can be characterised as presidentialist, corporatist and centralist.<sup>xxxvi</sup> Organised labour constituted in this system one of the four pillars on which the PRI's power rested.<sup>xxxvii</sup> The Confederación de Trabajadores Mexicanos (CTM) emerged as the dominant labour organisation. It adopted clientelistic tactics by which social peace and electoral support from the bases were rewarded with wage increases, administrative positions and Congressional seats.<sup>xxxviii</sup> Decision making in the trade unions was delegated to the national leaders, who bargained within the governing coalition led by the President. The legal system, which allowed for closed shop representation, further strengthened the CTM.<sup>xxxix</sup>

From 1982 on, as a part of the new pragmatic, neoliberal approach, the government elite approached the business community as a means of achieving broad support for economic reforms<sup>xl</sup>. The reforms diminished the political power of the trade union movement, which was further weakened by the changes in the electoral landscape and the gradual political reforms during the 90s. In 1997, several unions separated from the umbrella organisation that had previously accommodated the CTM-related trade unions, and founded the Unión Nacional de Trabajadores (UNT) together with some smaller federations. However, it was the CTM who formally remained the privileged partner of the regime. From 2000 on, Vicente Fox's government further prolonged the status quo, and no permanent venues for inter-confederation dialogue were opened.<sup>xli</sup> In this sense, Mexican corporatism proved to be a state corporatism, rather than party corporatism.<sup>xlii</sup>

Within the CTM there has been no debate on the trade-labour linkage. During the negotiations of NAFTA's labour side agreement, no consultations with these unions were carried out.<sup>xliii</sup> This lack of interest is further confirmed by the scarce use of the enforcement procedures provided by NAFTA's labour side agreement.<sup>xliv</sup> Up to date, the most active union in this context is the UNT's member Frente Auténtico del Trabajo (FAT). The FAT, that has established transnational links with Canadian and American trade unions and NGOs,<sup>xlv</sup> advocates the inclusion of a social clause in trade agreements.<sup>xlvi</sup> Nevertheless, it does not have any formal institutional access to the formulation of trade policy, and its membership (and therefore its mobilisation potential) remains limited as compared to the CTM's.

Given the lack of formal institutional access to the executive, alternative channels to influence policy making have been sought by the FAT. Besides the intensive use of transnational networks, the confederation has established close links to the left-wing Partido de la Revolución Democrática (PRD).<sup>xlvii</sup> During some debates at the

Chamber of Deputies and in documents from the party's think tank,<sup>xlviii</sup> PRD representatives advocated the incorporation of a social clause in the WTO rules in order to protect the agricultural sector, around which the discussions concerning the liberalisation of international trade are centred at the Mexican Congress.<sup>xlix</sup> Besides, the surge of Chinese imports has been discussed by the Mexican Senate during some debates in 2006 and 2007, when both the Labour and Economy Secretaries were asked to pursue Chinese compliance with previously acquired labour and commercial commitments, and where new tariffs on Chinese products were clearly demanded.<sup>1</sup> The plea at the Senate was less related to party cleavages than to regional issues, since the senators demanding protection against Chinese shoe and textile imports were those in whose constituency (the state of Guanajuato) those industries are an important source of employment.<sup>li</sup>

Both the PRD statements on the social clause and the Senate's plea on labour rights seem to have borne a limited influence on the trade policy making by the Executive. The Secretaría de Economía (SE), that coordinates trade policy, negotiated in 2006 an agreement with the Chinese government in order to extend the phasing out of the MFA, but made no statements on the labour standards topic. This can be related to the large degree of autonomy that the formal and informal frameworks regarding trade policy formulation give to the Mexican executive power. Pursuant Article 131 of the Mexican Constitution, the 1993 External Trade Act outlines the Mexican trade policy. Article 5, sub IX of the law assigns to the Secretaría de Economía (SE) the responsibility to negotiate trade agreements,<sup>lii</sup> and it offers the organism the possibility of involving the productive sectors in consultations, if so desired by the SE itself.<sup>liii</sup>

Besides the provisions contained in the trade law, the SE has established a Consejo Asesor para las Negociaciones Comerciales Internacionales (Advisory Council for International Commercial Negotiations) in 1993.<sup>liv</sup> The Council is composed by representatives of the academic, agricultural, labour, and entrepreneurial sectors, and by foreign trade experts. It is chaired by the SE's head, who can freely appoint and remove members.<sup>lv</sup> Due to the lack of public information, the composition of the Council, the topics discussed during the meetings and the extent to which it is fully operational are unknown.

From the foregoing paragraphs two main conclusions can be drawn with respect to the Mexican domestic debate on the social clause. First, the distinctive institutional features of the Mexican trade unionism have not fostered any public debate on the social clause, even though there seems to be a demand by the UNT unions, especially the FAT, and by some sectoral interests (shoe and textile). Second, even though it has been translated into a political argument through the PRD and at the Senate, this demand has not found its way into the political establishment,

hypothetically due to the deficit of institutional venues to influence the trade policy formulation by the SE, which can be related to the Mexican presidential tradition. The lack of formal involvement of the Senate and the labour movement in the trade policy making, and the absence of any type of accountability by the trade advisory council suggest that the means of control on the trade policy are reduced to informal pressure on the Executive, which might be difficult to exercise by opposition parties (*in casu* the party advocating the social clause).

**b) South African trade policy making: bottom-up participation by labour with close ties to the executive**

The social clause debate in South Africa seems to have had a more public dimension than it does in Mexico. Organised labour, the employers' associations and the government participated in consultations during the 1990s and came to a framework agreement on the issue. The institutional setting against which this agreement occurred is discussed below.

The landscape of South African trade unionism has been strongly influenced by both the apartheid regime and the post apartheid reconstruction of the governmental arrangements. The South African trade union movement played an important role during the apartheid. Internationally, it acquired visibility partly thanks to the support of the ILO's 1964 *Declaration concerning action against apartheid*,<sup>lvi</sup> which stated that the ILO's secretariat would provide assistance to worker unions independent from the regime.<sup>lvii</sup> In the subsequent years, and especially after the Durban strikes of 1973, several independent unions (consisting almost exclusively of African members) emerged. They promoted participatory shopfloor democracy as a means of emancipation, and were recognised by the government in 1979. In 1985 they fused with other nonracial unions in the Congress of South African Trade Unions (COSATU), that would become one of the most active actors in the struggle against apartheid. COSATU was from the beginning linked to the African National Congress<sup>lviii</sup> (ANC), and in the early 1990s the links were formalised and political decisions were left to the ANC. A 'Tripartite Alliance' was formed between COSATU, the ANC and the South African Communist Party. After the fall of the apartheid regime in 1994, several COSATU members appeared on the ANC lists for the parliamentary election.<sup>lix</sup>

After the formation of a Government of National Unity (GNU) under Nelson Mandela, organisational and strategy problems emerged in the midst of COSATU, given the fact that the contestation tactics used so far needed to be changed in a parliamentary regime where the ANC enjoyed the majority.<sup>lx</sup> Furthermore, programmatic differences regarding the neoliberal reforms have constituted a source of conflict since the Mandela government,<sup>lxi</sup> and some authors argue that

the alliance's role has been marginalised during the last decade. The abandonment of the Reconstruction and Development Program (RDP), on which the electoral manifesto of 1994 was based,<sup>lxiii</sup> to promote the less social-democratically oriented Growth, Employment and Redistribution (GEAR), was seen as a sign of COSATU's weakening. To this can be added the fall of the membership during the last years, and the lack of leadership.<sup>lxiii</sup> Yet, COSATU is still the largest trade union umbrella organisation in South Africa, followed by the National Council of Trade Unions (NACTU) and the Federation of Unions of South Africa (FEDUSA), and remains close to the ANC regime.<sup>lxiv</sup>

The linkage debate, of which the results were described as a success of the South African labour movement<sup>lxv</sup>, took place in South Africa during the 1990s. It defended the incorporation of a social clause involving sanctions to free trade agreements in several resolutions, and it proposed the incorporation of a social clause to both the EU-South Africa Trade, Development and Cooperation Agreement, and to the Trade Protocol of the South African Development Community (SADC) in its submissions to the South African Parliament.<sup>lxvi</sup> It also advocated the elimination of Export Processing Zones (EPZs) in the neighbouring countries and addressed the 'race to the bottom' phenomenon. Simultaneously, it expressed some fear of possible protectionist uses of labour standards by the G-7.<sup>lxvii</sup> In 2005, it confirmed its position for the inclusion of a social clause in the WTO, what starkly contrasts with the government's position on the issue (cf. *supra*). Its textile affiliate, the South African Clothing and Textile Workers' Union (SACTWU), has underscored the labour standards argument on its position concerning Chinese imports, whereas neither NACTU nor FEDUSA have expressed any preference on the subject.<sup>lxviii</sup>

The primary venue through which COSATU attempted to translate its social clause proposal into a policy was the National Economic and Development and Labour Council (NEDLAC), a social dialogue organ formed after the apartheid under the advice of the ILO and whose composition and functions were established in the NEDLAC Act of 1994. It incorporates representatives from labour (the three main federations), business associations, the South African government and the community (youth, women, disabled people, and cooperatives associations). They are appointed by the corresponding minister upon a nomination by the relevant organisations. It gathers four times a year, and organises an Annual Summit. It has four chambers, among which a Trade and Industry one, which shares with the other chambers the tasks of concluding agreements, considering changes to social and economic policy (which includes trade) before they are discussed in Parliament, and promoting coordinated policies, among other.<sup>lxix</sup>

Trade policy is carried out in South Africa by the Department of Trade and Industry (DTI), which receives input from both NEDLAC and other ministries and agencies.<sup>lxx</sup> NEDLAC labour and business representatives have been part of the South African delegations to the WTO Ministerial Conferences at least in two occasions: Seattle (1999) and Hong Kong (2005).<sup>lxxi</sup>

Even though the DTI has not externalised any opinion on the trade-labour issue aside from the WTO statements (cf. *supra*), the Trade and Industry Chamber of NEDLAC served as a forum for discussion on the social clause between 1995 and 1996. Labour representatives, backed by business, proposed the inclusion of a social clause in all South Africa's bilateral and multilateral trade agreements. The final result of the discussions was the 'Framework Agreement on the Social Clause'.<sup>lxxii</sup> It embedded the social clause in the 'history of the struggle for human rights in South Africa', and stated that the commitment with workers' rights was a 'cornerstone of South Africa's new democracy'.<sup>lxxiii</sup> It envisioned a 'creative and multifaceted strategy' to deal with the opposition against the social clause by other developing countries. However, the consensus seems to have eroded. NEDLAC's 2005 annual report stated that the Chamber of Trade and Industry did not manage to achieve a common position on the social clause.<sup>lxxiv</sup>

Despite this seemingly participatory approach, some difficulties in the South African social dialogue model have been identified. Besides the limited weight of COSATU in the Tripartite Alliance (see above), since 1996 macroeconomic policy cannot be negotiated within NEDLAC due to the government's position. NEDLAC acts rather as the setting where the 'implementation of liberalisation could be negotiated'. Its influence on the linkage position of the government is therefore limited. Besides, the organism's lack of organisational capacity and expertise to engage in trade negotiations has also been pointed out.<sup>lxxv</sup>

When contrasting the position of South African labour with the statements of South Africa, the initial 'softer' approach towards the trade-labour linkage and its later change can be better understood. The autonomy and institutional means of access enjoyed by labour in general and COSATU in particular may have, until a certain extent, influenced the South African position at the WTO. The strong shift in the South African policy throughout the 1990s (cf. *supra*) can be explained by the waning power of COSATU, which would have entailed a movement of the DTI decision making processes towards more autonomy (cf. *supra*, strong states).

## Conclusions

This paper has assessed the evolution of the trade-labour linkage politics of two countries, Mexico and South Africa, during the 1990s. It analyzed potential

domestic determinants of the linkage from both a theoretical and an empirical point of view.

A first striking fact is that, in spite of the strong change that both countries' international economic position has experienced since China's accession to the WTO, their position on linkage does not seem to have considerably changed. Whether a certain indifference or even opposition against linkage as a form of protection during the 1990s may be justified by pointing at their former economic situation, the current lack of a demand for linkage asks for further explanation if it is assumed that labour standards are a protectionist tool. The paper argues that the missing pieces of the puzzle are institutional arrangements insulating a government from or exposing it to societal pressures.

Domestically, Mexico can be categorised as a strong government, which enjoys considerable autonomy in pursuing trade liberalisation. The lack of a Mexican active trade union tradition, coupled to the reduced participation of any institutions other than the Executive in the trade decision making processes, justify the lack of responsiveness of the regime. Even though during the last years some linkage demands have emerged at Congress, they have not been mirrored by the SE's policy, with the exception of the negotiation of the MFA's phasing out extension.

On the other hand, the 'softer' position of South Africa during the beginning of the 1990s can be seen as an indicator of some institutional receptivity to the issue. In Gourevitch's terms, we could state that the South African regime can be seen as 'weaker' than the Mexican one. Nevertheless, the existence of a participatory union tradition and formal institutional venues do not fully account for the weakness or strength of the government, but are also influenced by the policy line of the power elite. This is confirmed by the fact that Mbeki's DTI has shown more assertiveness and autonomy after 2000, in spite of the civil society's complaints about Chinese competition.

Domestic institutional components are certainly not the only factor influencing trade policy. Changes in the economic cost-benefit distribution seem to bear influence in the demand for linkage, and the homogeneity with which the developing countries have reacted so far to the US proposals on the issue may have set a precedent for future discussions. With the chances of a reintroduction of linkage by the Obama administration being high, the MIDCs will be obliged to review their positions. Linkage demand by internal actors with institutional access might be decisive in fracturing the developing country b.



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<sup>i</sup> Rorden Wilkinson, 'Labour and trade-related regulation: beyond the trade-labour standards debate?', *British Journal of Politics and International Relations*, Vol. 1, No. 2 (1999), pp. 165-191.

<sup>ii</sup> Anita Chan & Robert J.S. Ross, 'Racing to the Bottom: International Trade without a Social Clause', *Third World Quarterly*, Vol. 24, Nr. 6 (2003), pp. 1011-1028.

<sup>iii</sup> Even though this paper focuses on Chinese competition, other nations such as Cambodia and Vietnam, that have joined the WTO since the year 2000 (accession dates available at [http://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/org6\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm)), may have had an impact on the competitive position of other countries. Furthermore, competition from neighbouring economies is also relevant in both the South African (Lesotho, Swaziland, Namibia, Mozambique) and the Mexican (Central America) case. Another factor of influence within the textile sector is the end of the Multi-Fiber Agreement (MFA) in 2005. See Peter Walkenhorst, 'Quantitative Assessments of Textiles Trade Liberalization: A Survey', *Journal of Economic Integration*, Vol. 20, No. 1 (2005), pp. 139-157.

<sup>iv</sup> See for instance Brian Burgoon, 'The Rise and Stall of Labor Linkage in Globalization Politics', *International Politics*, Vol. 41, No. 2 (2004), pp. 196-220; Wilkinson, 'Labour and trade-related regulation'; Eddy Lee, 'Globalization and Labour Standards: a Review of Issues', *International Labour Review* Vol. 136, No. 2(1997), pp. 173-189.

<sup>v</sup> ILO, LABORSTA, (ILO, 2008), at <http://laborsta.ilo.org/>; IBRD, World Development Indicators (IBRD, 2006).

<sup>vi</sup> Chan & Ross, 'Racing to the Bottom', pp. 1024-1025.

<sup>vii</sup> Kevin P. Gallagher, Juan C. Moreno-Brid, & Roberto Porzecanski, 'The Dynamism of Mexican Exports: Lost in (Chinese) Translation?' *World Development*, Vol. 36, No. 8(2008), pp. 1365-1380.

<sup>viii</sup> INEGI, Industria Maquiladora de Exportación (INEGI, 2007); OTII, Tradestats Express (US Department of Commerce, 2008), at <http://tse.export.gov/>.

<sup>ix</sup> Lydia Polgreen & Howard W. French, 'China is in Africa Both Benefactor and Competitor', *The New York Times*, August 20 2007.

<sup>x</sup> WTO, WTO Statistics Database (WTO, 2008), at <http://stat.wto.org/Home/WSDBHome.aspx?Language>. Data converted to current dollars using the US Department of Labour's Consumer Price Index.

<sup>xi</sup> Stanley L. Engerman, 'The History and Political Economy of International Labor Standards', in: Kaushik Basu et al. (eds.), *International Labor Standards* (Blackwell, 2003), pp. 7-68.

<sup>xii</sup> See for instance Sarosh Kuruvilla, 'Linkages between Industrialization Strategies and Industrial Relations/Human Resource Policies: Singapore, Malaysia, the Philippines and India', *Industrial and Labor Relations Review*, Vol. 49, No. 4 (1996), pp. 635-657; OECD, Trade, Employment and Labour Standards. A Study of Core Workers' Rights and International Trade (OECD, 1996); Dani Rodrik, 'Labor Standards in International Trade: Do They Matter and What Do We Do About Them', in: Robert Z. Lawrence, Dani Rodrik and John Whalley (eds.), *Emerging Agenda for Global Trade: High Stakes for Developing Countries*. Overseas Development Council Essay No. 20 (Johns Hopkins University Press, 1996), pp. 35-79; Jai S. Mah, 'Core Labor Standards and Export Performance in Developing Countries', *World Economy*, Vol. 20, No. 6 (1997), pp. 773-785; Drusilla K. Brown, *International Trade and Core Labour Standards. A Survey of the Recent Literature* (OECD, 1999); Matthias Busse, 'Do Labor Standards Affect Comparative Advantage in Developing Countries?', *World Development*, Vol. 30, No. 11 (2002), pp. 1921-1932; David Kucera & Ritash Sarna, 'Trade Union Rights, Democracy, and Exports: A Gravity Model Approach', *Review of International Economics*, Vol. 14, No. 5 (2006), pp. 859-882; Yagadeesen Samy & Vivek, K. Dehejia, *Trade and Labor Standards: A Review of the Theory and New Empirical Evidence*. Carleton Economic Paper 07-12 (Carleton University, 2007).

<sup>xiii</sup> ILO, Constitution (ILO), at. Available from: [http://training.ilo.org/ils/foa/library/constitution/indexconst\\_en.html](http://training.ilo.org/ils/foa/library/constitution/indexconst_en.html).

<sup>xiv</sup> Steve Charnovitz, 'The influence of international labour standards on the world trading regime. A historical overview', *International Labour Review* Vol. 126, No. 5 (1987), pp. 565-584.

<sup>xv</sup> The most striking example thereof are the United States, whose ratification record is comparable to the Chinese one. On the ratification of ILO Conventions see Edward Weisband, 'Discursive Multilateralism: Global Benchmarks, Shame, and Learning in the ILO Labor Standards Monitoring Regime', *International Studies Quarterly*, Vol. 44, No. 4 (2000), pp. 643-666; Bernhard Boockman 'The Ratification of ILO Conventions: a Hazard Rate Analysis', *Economics and Politics*, Vol. 13, No. 3 (2001), pp. 281-309.

- <sup>xvi</sup> The analysis comprised all ILO Global Reports that have been published (2000-2007), the US Department of State's reports from 1999 to 2007, and the three last ICFTU reports on compliance with CLS (for China, the year of publication was 2006, for South Africa 2003 and for Mexico 2002).
- <sup>xvii</sup> OECD, Trade, Employment and Labour Standards.
- <sup>xviii</sup> Unless otherwise indicated, this section relies on information retrieved through the WTO Documents Dissemination Facility at <http://docsonline.wto.org/>.
- <sup>xix</sup> Brian Burgoon, 'The Rise and Stall of Labor Linkage in Globalization Politics'.
- <sup>xx</sup> Amrita Narlikar, *International Trade and Developing Countries: Coalitions in the GATT and WTO* (Routledge, 2003), p. 179.
- <sup>xxi</sup> ILO, *Defending Values, Promoting Change. Social Justice in a Global Economy: an ILO Agenda* (ILO, 1994).
- <sup>xxii</sup> ILO, *Report of the Committee on the Declaration of Principles* (ILO, 1998).
- <sup>xxiii</sup> ILO, *Record of Proceedings. International Labour Conference. Eighty-first Session. Geneva 1994* (ILO, 1995).
- <sup>xxiv</sup> ILO, *Report of the Committee on the Declaration of Principles*.
- <sup>xxv</sup> The Mexican position contrasts starkly with the Mexican acceptance of the North American Agreement on Labor Cooperation (NAALC), the side agreement of NAFTA signed in 1994. Some authors claim that the NAALC was signed in order to appease the labour movement in the US and obtain Congressional approval of NAFTA. See George Tsogas, 'Labour Standards in International Trade Agreements: An Assessment of the Arguments', *International Journal of Human Resource Management*, Vol. 10, No. 2 (1999), pp. 351-375.
- <sup>xxvi</sup> Elisabeth Malkin, 'Re-examining NAFTA in Hopes of Curing US Manufacturing', *The New York Times*, 22 April 2008; Presidencia de la República, *Transmite Barack Obama al Presidente Felipe Calderón interés de trabajar estrechamente con el Gobierno de México* (Presidencia de la República, 2008), at <http://www.presidencia.gob.mx/buscador/index.php?contenido=40164>.
- <sup>xxvii</sup> Department of Trade and Industry, *A Broad South African Approach to New Multilateral Trade Negotiations in the World Trade Organization* (Department of Foreign Affairs of the Republic of South Africa, 2001), at <http://www.dfa.gov.za/foreign/Multilateral/profiles/wto.htm>.
- <sup>xxviii</sup> Eventually, the Indian proposal was adopted in the final version of the Declaration. It reads: "Whereas the ILO is the constitutionally mandated international organisation and the competent body to set and deal with international labour standards, and enjoys universal support and acknowledgement in promoting Fundamental Rights at Work as the expression of its constitutional principles (...)" See ILO, *Declaration of Fundamental Principles and Rights at Work* (ILO, 1998), at [http://www.ilo.org/dyn/declaris/DECLARATIONWEB.static\\_jump?var\\_language=EN&var\\_pagename=DECLARATIONTEXT](http://www.ilo.org/dyn/declaris/DECLARATIONWEB.static_jump?var_language=EN&var_pagename=DECLARATIONTEXT).
- <sup>xxix</sup> Peter Gourevitch, 'The Second Image Reversed: The International Sources of Domestic Policies', *International Organization*, Vol. 32 No. 4 (1978), pp. 881-912; Robert Putnam, 'Diplomacy and Domestic Politics: The Logic of Two-Level Games', *International Organization*, Vol. 42, No. 3 (1978), pp. 427-460; Joseph A. Frieden & Ronald Rogowski, 'The Impact of the International Economy on National Policies: An analytical Overview', in: Robert O. Keohane & Helen V. Milner (eds.), *Internationalization and Domestic Politics* (Cambridge University Press, 1996), pp. 25-47; Geoffrey Garrett, & Peter Lange, 'Internationalization, Institutions, and Political Change', in: Robert O. Keohane & Helen V. Milner (eds.), *Internationalization and Domestic Politics* (Cambridge University Press, 1996), pp. 48-75; Robert F. O'Reilly, 'Veto Points, Veto Players and International Trade Policy', *Comparative Political Studies*, Vol. 38. No. 6 (2005), pp. 652-675.
- <sup>xxx</sup> Garrett & Lange, 'Internationalization, Institutions, and Political Change', p. 50.
- <sup>xxxi</sup> Ibid; Peter A. Hall & Rosemary C.R. Taylor, 'Political Science and the Three New Institutionalisms', *Political Studies*, Vol. XLIV, pp. 936-957.
- <sup>xxxii</sup> Gourevitch, 'The Second Image Reversed'; O'Reilly, 'Veto Points, Veto Players and International Trade Policy'; Sean D. Ehrlich, 'Access to Protection: Domestic Institutions and Trade Policies in Democracies', *International Organization*, Vol. 61, No. 3 (2007), pp. 571-606.
- <sup>xxxiii</sup> Gourevitch, 'The Second Image Reversed'.
- <sup>xxxiv</sup> Frieden & Rogowski, 'The Impact of the International Economy on National Policies', p. 44.
- <sup>xxxv</sup> Burgoon, 'The Rise and Stall of Labour Linkage'.
- <sup>xxxvi</sup> Guy Poitras & Raymond Robinson, 'The Politics of NAFTA in Mexico', *Journal of Interamerican Studies and World Affairs*, Vol. 36, No.1 (1994), pp. 1-35

<sup>xxxvii</sup> Lorenzo Meyer, 'La encrucijada', in: Daniel Cosío Villegas (ed.), *Historia General de México*. Tomo 4, (El Colegio de México, 1976), pp. 201-280.

<sup>xxxviii</sup> The Mexican Congress had no active role in Mexican politics until the PRI lost its absolute majority in 1997. See Joseph L. Klesner, 'Democratic Transition? The 1997 Mexican Elections', *PS: Political Science and Politics*, Vol. 30, No. 4 (1997), pp. 703-711.

<sup>xxxix</sup> Enrique de la Garza Toledo, 'Sindicatos, Estado y Economía en México', in: Konrad Adenauer Stiftung (ed.), *El sindicalismo ante los procesos de cambio económico y social en América Latina* (CIEDLA, 1998), pp. 183-237.

<sup>xl</sup> These reforms were the product of the debt crisis of 1982 and the subsequent turn to neoliberal policies, the culmination of which were the accession to GATT in 1986 and the signing of the North American Free Trade Agreement (NAFTA) in 1993. See Poitras & Robinson, 'The Politics of NAFTA in Mexico', pp. 14-18.

<sup>xli</sup> The only exception was the establishment of a "Mesa Central de Decisión" that would elaborate a project to reform the labour legislation. The UNT soon abandoned the dialogue and formulated an own proposal together with the left-wing Partido de la Revolución Democrática (PRD). See Enrique de la Garza Toledo, 'El sindicalismo y el cambio en las relaciones de trabajo durante el sexenio de Vicente Fox', in: José M. González & Antonio Gutiérrez Castro (eds), *El sindicalismo en México: historia, crisis y perspectivas* (Plaza y Valdés, 2006).

<sup>xlii</sup> *Ibid.*

<sup>xliii</sup> Poitras & Robinson, 'The Politics of NAFTA in Mexico'.

<sup>xliv</sup> The provisions, contained in the North American Agreement on Labour Cooperation (NAALC), involve the possibility of filing a submission before the National Administrative Offices established by the treaty if any of the members of NAFTA fails to enforce its own labour legislation. So far, all of the submissions have been made by UNT-affiliated unions, often joined by their US or Canadian counterparts. The participation of a CT-affiliated union is limited to submission 2005-03, out of a total of 19 submissions since the entry into force of the agreement. See ILAB, *Public Submissions* (Department of Labor, 2007), at <http://www.dol.gov/ilab/programs/nao/submissions.htm>.

<sup>xlv</sup> For example, the Maquila Solidarity Network, the Red Mexicana de Acción frente al Libre Comercio (RMALC), and AFL-CIO. See *ibid.*

<sup>xlvi</sup> Alfredo Domínguez A., *Globalización y Justicia Social* (FAT, 2006).

<sup>xlvii</sup> De la Garza Toledo, 'El sindicalismo y el cambio en las relaciones de trabajo'.

<sup>xlviii</sup> Jorge A. Calderón Salazar & Álvaro Villegas Soto, 'México: política internacional en el siglo XXI', *Coyuntura*, No. 125 (2006), at <http://ierd.prd.org.mx/coy125/jcs1a.htm>.

<sup>xlix</sup> Cámara de Diputados, *Diario de los Debates*, No. 40 (1996).

<sup>i</sup> Senado de la República, *Sesión Ordinaria de la H. Cámara de Senadores, Celebrada el Miércoles 20 de Diciembre de 2006* (Senado de la República, 2006); *Sesión Ordinaria de la H. Cámara de Senadores, Celebrada el Jueves 15 de Noviembre de 2007* (Senado de la República, 2007); *Sesión Ordinaria de la H. Cámara de Senadores, Celebrada el Martes 4 de Diciembre de 2007* (Senado de la República, 2007).

<sup>ii</sup> The discussion at the Senate is followed the submission of a request for protection by CANACINTRA, an employer organisations of the Mexican manufacture industry.

<sup>iii</sup> However, the final approval remains under the jurisdiction of the Senate which, since 2004, is granted the power to request information from the Executive on the negotiation and conclusion of trade agreements.

<sup>iiii</sup> Furthermore, since 2006 any drafts of measures derived from the Act ought to be made public, and the industrial, commercial, agricultural, services and customs sectors, are entitled to provide the SE with an opinion on those projects. See Cámara de Diputados, *Ley de Comercio Exterior* (Cámara de Diputados, 2006).

<sup>liv</sup> Secretaría de Economía, *Acuerdo por el que se reestructura el Consejo Asesor Para las Negociaciones Comerciales Internacionales*, (Secretaría de Economía, 2008) at <http://www.economia.gob.mx/pics/p/p437/A483.pdf>.

<sup>lv</sup> A reform of the Council took place in 2008, by which the number of sessions was reduced from one per month to one per semester and the regional organs of the Council were abolished, among other organisational measures.

<sup>lvi</sup> The Declaration followed the withdrawal of South Africa from the ILO in 1964.

<sup>lvii</sup> ILO, *Your Voice at Work. Global Report Under the Follow-Up to the ILO Declaration of Fundamental Principles and Rights at Work* (ILO, 2000).

<sup>lviii</sup> The two organisations were linked through the United Democratic Front.

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- <sup>lix</sup> Jon Maree, 'The COSATU Participatory Democratic Tradition and South Africa's New Parliament: Are They Reconcilable?', *African Affairs* Vol. 97, No. 386 (1998), pp. 29-51; Geoffrey Wood, 'The Politics of Trade Unions in Transition: the Case of the Congress of South African Trade Unions', *Contemporary Politics*, Vol. 8, No. 2 (2002), pp. 129-143; Sakhela Buhlungu, 'Union-Party Alliances in the Era of Market Regulation: The Case of South Africa', *Journal of Southern African Studies*, Vol. 31, No. 4 (2005), pp. 702-717.
- <sup>lx</sup> Maree, 'The COSATU Participatory Democratic Tradition'.
- <sup>lxi</sup> Roger Southall & Geoffrey Wood, 'COSATU, the ANC and the Election: Whither the Alliance?' *Transformation*, No. 38 (1999), pp. 68-83; Karima Brown, Vukani Mde & Amy Musgrave, 'Cosatu Flights Poll Pact with SACP against ANC', *Business Day*, 15 June 2006, p. 1.
- <sup>lxii</sup> Maree, 'The COSATU Participatory Democratic Tradition', p. 30.
- <sup>lxiii</sup> Several former prominent members of COSATU, who currently hold positions at the government or industry level, such as former Minister of Trade and Industry Alec Erwin. Many of them seem to have broken their links with the union movement.
- <sup>lxiv</sup> Buhlungu, 'Union-Party Alliances', pp. 711-712.
- <sup>lxv</sup> Karl Gostner & Avril Joffe, 'Negotiating the Future: Labour's role in NEDLAC', *Law, Democracy and Development*, No. 2 (1998), pp. 131-151.
- <sup>lxvi</sup> COSATU, COSATU Submission on EU-RSA Trade Development and Cooperation Agreement (COSATU, 1999), at <http://www.cosatu.org.za/docs/1999/eutrade.htm>; COSATU Submission on the SADC Protocol on Trade, (COSATU, 1999), at <http://www.cosatu.org.za/docs/1999/sadctrad.htm>.
- <sup>lxvii</sup> COSATU, *Accelerating Transformation. COSATU's Engagement with Policy and Legislative Processes during South Africa's First Term of Democratic Governance. First Term Report of the COSATU Parliamentary Office* (COSATU, 2000), at <http://www.cosatu.org.za/congress/cong2000/parlrep.htm>.
- <sup>lxviii</sup> Taking into account the fact that the textile sector has been perceived as the main sector damaged by the Chinese imports, the absence of a position might be related to the quasi absence of textile affiliates within the other federations.
- <sup>lxix</sup> Andries Bezuidenhout, *Towards Global Social Movement Unionism? Trade Union Responses to Globalization in South Africa* (ILO, 2000).
- <sup>lxx</sup> WTO, WT/TPR/S/34. Trade Policy Review. Republic of South Africa (WTO, 1998).
- <sup>lxxi</sup> NEDLAC, *Report on Activities 2000. Trade and Industry Chamber Activities* (NEDLAC, 2000); *Stimulating Significant Growth. National Economic Development and Labour Council. 2006/2007 Annual Report* (NEDLAC, 2007).
- <sup>lxxii</sup> NEDLAC, *Framework Agreement on the Social Clause* (NEDLAC, 1996).
- <sup>lxxiii</sup> During the 1990s and as a consequence of the victory against apartheid, South Africa strongly identified itself as an advocate of human rights. They became one of the axes of Mandela's foreign policy, and became of less importance after Mbeki came to power. See James Barber, 'The New South Africa's Foreign Policy: Principles and Practice', *International Affairs*, Vol. 81, No. 5 (2005), pp. 1079-1096.
- <sup>lxxiv</sup> Besides the framework agreement, another measure linking trade and labour standards was the launching, in 1999, of the "Proudly South African" label, a certificate of compliance with certain labour and environmental standards. The Proudly South African campaign was negotiated and launched within NEDLAC, with the active participation of several ministries, among which the Department of Trade and Industry. According to a South African diplomat (interview, 05.07.2008), the campaign was a way of countering the economic competence by products from countries with low labour and environmental standards (such as the neighbouring countries).
- <sup>lxxv</sup> Bezuidenhout, *Towards Global Social Movement Unionism?* pp. 20-21.